



# Community Development Services

1333 NW Eastman Parkway Gresham OR 97030

General Information 503.618.2845

## Metro Construction Excise Tax

### **What is the Metro Construction Excise Tax?**

This is a tax assessed on construction permits issued by local cities and counties in the Metro region. The tax is assessed at 0.12 percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. For example, for improvements valued at \$250,000, the tax will be \$300.

### **Does this tax apply to all construction permits?**

No. Permits for construction projects valued at \$100,000 or less are exempted from this tax as well as permits for development of affordable housing units and permits issued to 501(c)(3) nonprofit organizations for other projects aimed at serving low-income populations. Permits for construction valued at more than \$10 million are assessed a flat \$12,000 fee, 0.12 percent of \$10 million. (See below for exemption form.)

### **Is my property located within Metro's jurisdiction?**

Metro's jurisdiction includes the 25 incorporated cities and unincorporated portions of Multnomah, Clackamas, and Washington counties that lie within the Portland metropolitan region, stretching from Forest Grove to Troutdale and south to Wilsonville. Cities outside of Metro's jurisdiction include North Plains, Banks, Gaston, Canby, Estacada and Sandy. Sauvie Island is also outside Metro's boundaries, as is Corbett.

To determine whether your property lies within Metro's jurisdiction, enter your property address into the search engine on the ["Who is my Councilor?"](#) web page and click "Find." If the results provide you with the name, e-mail address and district number of one of the Metro Councilors, then your property is within Metro's jurisdiction and may be subject to the construction excise tax.

### **Who pays the tax?**

With some exceptions, anyone applying for a building permit for construction on property located inside Metro's jurisdictional boundary pays this tax. The tax is collected at the time the fees for a permit are paid. (See exemption form below.)

### **How long will the tax be in effect?**

The tax went into effect July 1, 2006. With its June 2009 vote, the Metro Council has extended the tax program for an additional five years to 2014, at which time the Metro Council will reconsider its future use.

For more information on this construction excise tax, contact Metro's Finance and Administrative Services department at 503-797-1620 (TDD 503-797-1804), e-mail to [finance@oregonmetro.gov](mailto:finance@oregonmetro.gov) or visit their web site at <http://www.oregonmetro.gov/index.cfm/go/by.web/id=18459>.



## Construction Excise Tax Exemption Certificate Application Form

### Exemption Description (check applicable exemption)

#### 1. The Person liable for the tax is exempt from federal income tax; and the construction is for low income residential housing.

The Person who would be liable for the tax is a corporation exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3), or a limited partnership the sole general partner of which is a corporation exempt from federal income taxation pursuant to 42 U.S.C 501(c)(3), the Construction is used for residential purposes and the property is restricted to being occupied by Persons with incomes less than 50 percent (50%) of the median income for a period of 30 years or longer;

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##### 1a Partial Applicability of Exemption (estimate percentage exempt)

Percentage Exempt \_\_\_\_\_

##### Required Documentation (to be provided to Metro or available to Metro for review)

IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3).

In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status.

Proof that the construction will be restricted to low income persons, as defined in 1 above, for at least 30 years. Proof can be in the form of loan covenants; rental agreements; grant restrictions; certification from Corporate Officer attesting that exemption is applicable; or other information that may allow the exemption determination to be made.

#### 2. The Person liable for the tax is exempt from federal income tax; and the construction will provide charitable services to low income persons.

The Person who would be liable for the tax is exempt from federal income taxation pursuant to 42 U.S.C. 501 (c)(3) and the Construction is dedicated for use for the purpose of providing charitable services to Persons with income less than 50 percent (50%) of the median income.

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##### 2a Partial Applicability of Exemption (estimate percentage exempt)

Percentage Exempt \_\_\_\_\_

##### Required Documentation (to be provided to Metro or available to Metro for review)

IRS tax status determination letter evidencing that the Person seeking the building permit is exempt from federal income taxation pursuant to 42 U.S.C. 501(c)(3)

In the case of a limited partnership with a tax-exempt sole general partner corporation, verification from the partnership's attorney of that status.

Proof that the construction will be used for charitable purposes as defined in 2 above. Proof can be in the form of loan covenants; rental agreements; grant restrictions; certification from Corporate Officer attesting that exemption is applicable; or other information that may allow the exemption determination to be made.

***Application for any of the above exemptions provides consent for Metro to audit the applicant's records to verify the legal status and compliance with the exemption prerequisites.***

I do hereby certify that by signing I am verifying eligibility for the above Exemption to the Construction Excise Tax.

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

Jurisdiction Issuing Permit: \_\_\_\_\_ Permit No. \_\_\_\_\_

Address of Construction for which Exemption is Claimed: \_\_\_\_\_

Permit Holder: \_\_\_\_\_

Permit Holder Address: \_\_\_\_\_  
\_\_\_\_\_

Permit Holder Phone \_\_\_\_\_

Permit Holder E-Mail \_\_\_\_\_